

RESEARCH AND DEVELOPMENT PLAN 1991-1993

EXECUTIVE SUMMARY

The four scientific and technical departments of R&D with the assistance of the three support groups will concentrate their efforts on product and environmental issues during the planned period.

The R&D strategic goals include providing the support to maintain our market leadership through the development of innovative products, the maintenance of our product lines and providing for the Company the technology base necessary to address pressures from external sources. Emphasis will be given to product modification and monitoring to ensure compliance with emerging product legislations.

In addition to improving and developing new products which meet marketing requirements, Product Development will focus its attention on the medium and long term planning of the design of our product lines to ensure compliance with the future EEC tar ceilings. Moreover, emphasis will be given to the development of low delivery products using novel filters possessing specific characteristics and yielding product advantages.

Quality Assurance will concentrate on programs which will result in product quality improvements such as supplier rating, training of QA personnel in affiliates and licensees and improved supervision of sanitary conditions of our leaf purchases. During this 3 year cycle, an improved and standardized European system for the evaluation of consumer complaints will also be developed and used as a quality management tool. Standardization of the Marlboro flavor system with the USA will be pursued, resulting in significant cost savings.

In order to better support Product Development and to improve product monitoring to ensure compliance with future EEC tar ceiling limits, a significant increase in CI analyses will be made available during the planned period.

The Process Development Department will continue its ongoing efforts in order to standardize and improve affiliates' and licensees' primary processes which will significantly improve the quality and yield of the cut filler. Substantial support will be given to help the different factories to achieve their capacity increase plans.

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Besides its ongoing role of supporting Product Development and developing state-of-the-art analytical tools, the Research department will concentrate its efforts in contributing to the establishment of an efficient administration system (Data Management System) aimed at monitoring tobacco product legislation in all EEC/EEA markets. Emphasis will be given to product legislations and environmental regulations which may influence manufacturing practices. A plan, based on the German example, for monitoring compliance of all our products and factories to future legislation will be developed during the planned period.

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